

Message Text

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PAGE 01 ADDIS 00938 160616Z
ACTION EB-08

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E.O. 11652: N/A
SUBJ: EXPROPRIATED US PROPERTY IN ETHIOPIA: CROWN CORK

REF: 76 ADDIS 11558 AND PREVIOUS

1. ON FEB 11 ECONOMIC/COMMERCIAL COUNSELOR MET WITH ATO WOLLE CHEKIL, CHIEF, ECONOMIC DEPARTMENT, NOFA, TO DISCUSS THE STATUS OF ETHIOPIAN CROWN CORK. ATO WOLLE HAD BEEN IN TOUCH WITH OFFICIALS OF THE MINISTRY OF INDUSTRY ABOUT THE MATTERS DISCUSSED DURING OUR PREVIOUS MEETING AND HAD OBTAINED THE FOLLOWING:

A. THE CURRENT GENERAL MANAGER HAD BEEN APPOINTED BY THE BOARD BY A MAJORITY VOTE. IT WAS NOT THE POLICY OF THE MINISTRY OF INDUSTRY TO INTERFERE IN BOARD DECISIONS. THEREFORE, THE DECISION OF THE BOARD WOULD STAND. NEVERTHE LESS, ANY BOARD MEMBER COULD PROPOSE A NEW MANAGER AT ANY TIME AND BOARD WOULD BE OBLIGED TO CONSIDER SUCH PROPOSAL.

ECON/COMM COUNSELOR NOTED THAT CROWN CORK'S CONCERN WAS BASED ON QULIFICATIONS OF CURRENT MANAGER AND HIS ABILITY TO MAXIMIZE HEARINGS. HAVING A WELL QUALIFIED MAAGER, OF COURSE, BENEFITS BOTH MAJORITY AND MINORITY SHAREHOLDERS. THEREFORE, MINISTRY OF INDUSTRY, AS THE REPRESENTATIVE OF THE MAJORITY

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SHAREHOLDER, WAS IN A POSITION TO COUNSEL ITS BOARD MEMBERS AND SUGGEST THE BOARD RECONSIDER ITS DECISION. ATO WOLLE ACKNOWLEDGED THAT SUCH CONSULTATIONS COULD, OF COURSE, TAKE PLACE BUT, FOR THE TIME BEING, THE MINISTRY DID NOT PROPOSE TO DISCUSS SUCH MATTERS WITH THEIR BOARD REPRESENTATIVES.

B. THE MINISTRY OF INDUSTRY WAS AWARE THAT ELABRIL (THE FIRM COMPETING WITH CROWN CORK) HAD NOT BEEN NATIONALIZED BUT FOR THE TIME BEING WAS NOT IN A POSITION TO EXPLAIN WHY CROWN CORK WAS NATIONALIZED WHILE ELABRIL WAS NOT. ATO WOLLE SAID THEY WERE LOOKING FURTHER INTO THE MATTER AND THAT HE WAS CERTAIN THE CRITERIA USED WOULD BE PROVIDED IN DUE COURSE. COMMENT: ATO WOLLE NEVER EXPRESSLY SAID SO BUT THE UPSHOT OF THESE REMARKS SEEMED TO BE THAT THE EPMG WILL NOT RECONSIDER NATIONALIZATION OF CROWN CORK. END COMMENT.

2. COLIN HAYNE, CORWN CORK, NAIROBI OFFICE, STOPPED BY TO DISCUSS CROWN CORK SITUATION WITH ECON/COMM OFFICER ON FEBRUARY 14. AFTER PROVIDING HAYNE WITH A RUNDOWN ON HIS MEETING WITH ATO WOLLE, ECON/COMM COOUNSELOR INQUIRED ABOUT CURRENT ATTITUDE OF PHILADELPHIA CROWN CORK MANAGEMENT TOWARD ETHIOPIAN CROWN CORK CASE. HAYNE SAID THAT DURING THE PAST THREE MONTHS HE HAD RECEIVED SEVERAL LETTERS FROM MR. CONNELLY STATING THAT HE SHOULD DO EVERYTHING POSSIBLE TO PERSUADE THE ETHIOPIAN GOVERNMENT OF CROWN CORK'S DESIRE TO REMAIN IN ETHIOPIA AND TO BE AS HELPFUL AS POSSIBLE IN MAKING THE BUSINESS A SUCCESS. HE ALSO HAD DECIDED, IN LIGHT OF THESE INSTRUCTIONS, NOT TO PRESS FURTHER ON THE QUESTION OF REPLACING THE CURRENT MANAGER WHO MIGHT WELL BE A BETTER PERSON TO DEAL WITH THAN A NEW MANAGER. HAYNE ALSO NOTED THAT THE COMPANY HAD MADE A MODEST PROFIT IN CALENDAR

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YEAR 1976 AND THAT PROSPECTS FOR 1977 WERE NOT TOO BAD. HE HAD HEARD THAT THE GOVERNMENT WOULD BE DIRECTING MORE AND MORE OF ITS BUSINESS TO CROWN CORK AT THE EXPENSE OF ELABRIL. THIS COULD BRING ABOUT THE EVENTUAL CLOSURE OF ELABRIL AS CROWN CORK HAS MORE THAN ENOUGH CAPACITY TO HANDLE ALL BUSINESS CURRENTLY AVAILABLE IN ETHIOPIA. WITH RESPECT TO CROWN CORK'S CLAIM FOR COMPENSATION, MR. HAYNE AND OTHERS ARE WORKING ON THE CLAIM BUT IT MAY BE SEVERAL MONTHS BEFORE THEY HAVE COMPLETED THEIR EFFORTS AND SUBMIT THEIR CLAIM TO THE COMPENSATION COMMISSION.

3. COMMENT: IT IS HAYNE'S PERSONAL OPINION, WHICH SHOULD NOT BE REPEATED TO OTHER OFFICIALS OF CROWN CORK, THAT MR. CONNELLY HAS DECIDED TO CONTINUE MARKING TIME ON THIS CASE IN THE HOPES THAT EITHER THE CURRENT GOVERNMENT WILL HAVE A CHANGE OF HEART OR THAT THE GOVERNMENT ITSELF WILL BE REPLACED BY

ANOTHER, MORE AMENABLE TO PRIVATE FOREIGN INVESTMENT.

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Message Attributes

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Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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